



STATE OF NORTH DAKOTA
OFFICE OF STATE TAX COMMISSIONER
Cory Fong, Commissioner

To: North Dakota Sales, Use and Gross Receipts Tax Permit Holders

Subject: Local Tax Changes Effective April 1, 2009

Date: January 21, 2009

The following summarizes the local option tax changes effective April 1, 2009. More detailed information will be mailed to permit holders located within the cities where the changes occurred.

McVile

Effective January 1, 2009, the city of McVile imposed a two percent (2%) City Lodging tax and one percent (1%) City Lodging and Restaurant tax. The one percent (1%) City Lodging and Restaurant tax applied to lodging, restaurant, and on-sale alcoholic beverages. Effective April 1, 2009, the city of McVile will eliminate the taxation of on-sale alcoholic beverages from the City Lodging and Restaurant tax.

The 2% City Lodging tax will apply to:

Gross receipts from leasing or renting of hotel, motel or tourist court accommodations for a period of less than 30 consecutive calendar days or one month

The 1% City Lodging and Restaurant tax will apply to:

Gross receipts from leasing or renting of hotel, motel or tourist court accommodations for a period of less than 30 consecutive calendar days or one month

Gross receipts of restaurants or bars from sales of prepared food and non-alcoholic beverages

Regent

The city of Regent will increase its city sales and gross receipts tax by one percent (1%). The tax rate for Regent starting April 1, 2009 will be two percent (2%). In addition to the rate increase, the following changes were made to the ordinance:

Added a Use Tax

- Effective April 1, 2009, retailers located outside the city of Regent making deliveries into the city will be required to charge the 2% city tax

Removed Maximum Tax (Refund Cap)

The city of Regent will impose a two percent (2%) City Lodging tax and one percent (1%) City Lodging and Restaurant tax effective April 1, 2009.

The 2% City Lodging tax will apply to:

Gross receipts from leasing or renting of hotel, motel or tourist court accommodations for a period of less than 30 consecutive calendar days or one month

The 1% City Lodging and Restaurant tax will apply to:

Gross receipts from leasing or renting of hotel, motel or tourist court accommodations for a period of less than 30 consecutive calendar days or one month

Gross receipts of restaurants or bars from sales of prepared food and non-alcoholic beverages

On-sale alcoholic beverages

Turtle Lake

The city of Turtle Lake will increase its city sales, use and gross receipts tax by one percent (1%). The tax rate for Turtle Lake starting April 1, 2009 will be two percent (2%). In addition to the rate change, the following change was made to the ordinance:

Increased Maximum Tax (Refund Cap) to \$50.00 per transaction

Maximum Tax (Refund Cap)

Prior to October 2005, most local sales taxes included a maximum tax provision (now also known as a refund cap). This was a maximum amount of tax that could apply to a single transaction. In October 2005, the caps were replaced with a refund program. Under the refund program, the retailer was required to collect tax on the entire sale without considering the caps. If the purchaser paid more than the maximum tax amount on a purchase, the purchaser could apply to the Tax Commissioner for a refund of any tax paid in excess of the cap. Beginning July 1, 2007, retailers may voluntarily collect up to the cap amount as a convenience to their customers so the purchasers do not need to apply for a refund. Retailers are not required to calculate caps and may continue to collect tax without regard to the caps. Retailers should be consistent in the method they choose to calculate local taxes.

More information on state and local taxes, including the Local Option Taxes by Location Guideline, is available on our web site at www.nd.gov/tax. Rate charts are also available on our web site. You may also contact the Tax Compliance Section at (701) 328-1246 or by e-mail at salestax@nd.gov.